

BOND IMPLEMENTATION

The City Council periodically calls for a General Obligation (GO) bond election to raise funds through tax supported debt for capital improvement projects (such as roads, bridges, bikeways, and parks) that are otherwise not funded by City revenue. Most recently, Austin voters authorized \$720 million on November 8, 2016 to support mobility projects. Other recent bond programs include the 2013 program to support affordable housing, and a comprehensive bond program in 2012 that supports multiple efforts. Typically, the projects and programs funded by a bond program are projected to be implemented over a six year period. The 2016 program is an exception; Council has directed staff to complete the bond program within eight years. Overlap of bond program funding is common in a capital improvement program, as projects may take several years to move from planning to design to construction. The City often spends the largest amount of authorized bond funding a few years after voters approve the bonds and then spending tapers toward the end of the bond program.

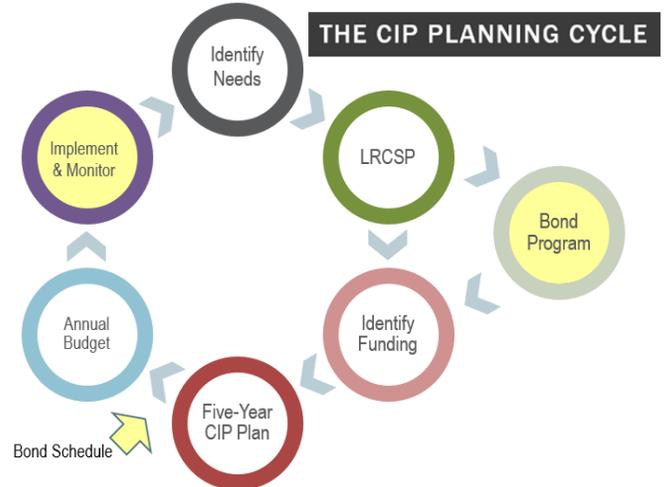
Some financial terms often used in relation to a bond program include appropriation, spending, funding plan, and bond sale (issuance).

- **Appropriation** is the legal device by which the City Council authorizes the spending of City funds for specific purposes.
- **Spending** is cash flow and does not include encumbrances.
- **Funding plan** represents the funding sources that support the current and planned future appropriations for a project.
- **Bond sale (or bond issuance)** is the process where the City sells bonds authorized through a public election as a means of borrowing capital money for projects. **Reimbursement resolutions** allow the City to provide appropriations necessary to begin the project and bid out contracts and schedule the related debt sale according to actual cash expenditures. The bond sale usually takes place one to two years following approval of the appropriation.

The Capital Improvement Program (CIP) planning cycle is anchored by points where a snapshot of the City's Capital Improvement Program is made available to the public and decision-makers annually. These snapshots are the publication of the Long-Range CIP Strategic Plan, the Five-Year CIP Plan, and the Capital Budget.

The City of Austin's CIP planning and prioritization process is multi-faceted, incorporating review and public input at the departmental and organizational levels. Public input is gathered in numerous ways, such as through the processes for master plans, small area plans, and bond program development.

As noted earlier, once voters approve a proposition, the implementation typically takes 6 years. First, election results are certified and canvassed, followed by a protest period. City staff then enters the implementation planning phase, including developing the expected spending, appropriation, and funding timelines. An initial appropriation, done using a budget amendment as bond elections are held after a budget has been passed, is typically done 4 to 6 months after a successful election.



Consideration for appropriations generally include:

- If the project is ready to move forward. For example, has the scope been defined adequately? Are all coordination requirements resolved both internally and externally?
- Relation to existing master plans and Council direction (eg. Bicycle Master Plan and ADA Fishing Pier)
- How the project fits in with existing department work plans and available staff resources
- Desired completion dates
- Procurement requirements
- How the project/program spending plans impact the overall financial picture of the bond program in relation to requirement that the bond program not increase the debt service portion of the tax rate.

Once appropriation is approved projects and programs are then implemented. The Public Works Department is the City's primary project delivery entity and is responsible for capital project development, management, and implementation through construction.

The 2012 Bond Program was approved by the voters on November 6, 2012. The total approved amount of the bond was \$306.6 million. Because the election day was in the middle of the fiscal year (FY 2012-13), the first appropriation for the bond program was done via a budget amendment. This budget amendment occurred on May 9, 2013 (FY 2012-13).

The appropriation requested through the budget amendment was a small piece of the entire bond program (\$37.2 million, or 12% of the overall bond) as only approximately four and half months of the fiscal year remained. In subsequent years, appropriations were requested through the annual budget process as part of the overall capital budget or on an as-needed basis through a budget amendment.

The 2012 Bond Program was designed to have a 6 year implementation cycle, as is typical with bond programs, with full expenditure of funds anticipated mid to late 2019. The program was fully appropriated over a 5 year period, with the last appropriation occurring as part of the FY 2016-17 budget.

Through the end of FY 2015-2016, approximately \$131 million of the \$306.6 million has been spent; a further \$32 million has been encumbered. Combined, this amounts to 53% of the total voter-approved authorization. The current spending plan data indicates that spending will taper off in 2019, and is planned to be fully funded by 2019.

